



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

MINUTES OF A PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM OPERATIONS COMMITTEE

HELD ON
Thursday, December 8, 2011
10:30 a.m., Arizona Time

The Operations Committee (OC) of the Arizona State Retirement System (ASRS) met in public session in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Steven Zeman, Chair, called the meeting to order at 10:30 a.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Steven Zeman, Chair
Mr. Tom Manos, Vice-Chair
Mr. Kevin McCarthy
Mr. David Byers

Absent: None

A quorum of the Committee was present for the purpose of conducting business.

2. Approval of the October 27, 2011 Minutes of the OC Meeting

Motion: Mr. David Byers moved the minutes of the October 27, 2011 OC meeting be accepted. Mr. Tom Manos seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

3. Presentation, Discussion and Appropriate Action Regarding Performance in the ASRS Financial Services Division and the ASRS Member Service Division

Mr. Anthony Guarino, Deputy Director and Chief Operations Officer, addressed the Committee regarding an update on the performance of the Financial Services Division (FSD) and the Member Services Division (MSD). Mr. Guarino introduced Ms. Nancy Bennett, Chief Financial Officer, and Mr. Dave King, Assistant Director, MSD, who stated they were presenting a combined report from the two divisions to avoid redundant information. Additionally, they stated their presentation would look at the processes from FSD and MSD from the perspective of members working their way toward retirement and how different life events affected the process. Other presenters included Ms. Tamera Wilson, Privacy Officer, Ms. Sarah Korish, Production

Program Manager, Mr. Nick Ponder, Management Analyst, Ms. Julie Lockwood, MSD Program Manager, Rochelle Witharana, Comptroller, and Ms. Tracy Rundle, Benefits Accounting Program Manager, who each presented various statistics regarding dollar savings, reducing demand for certain services, and volume and performance objective information.

Mr. Zeman suggested consideration on the formation of a suggestion and awards program for ASRS staff members to solicit cost savings ideas. Mr. Matson noted expectations of this type were already organized as part of the PRIDE initiative and organizational culture.

4. Presentation, Discussion and Appropriate Action Regarding the OC Charter

Mr. Guarino addressed the Committee regarding the OC Charter. He presented the current charter to the Committee for review. He stated that staff was not recommending any changes at this time, but said Committee members were welcome to contact staff with any changes they may wish to make.

5. Presentation, Discussion and Appropriate Action Regarding the Audit Charter

Mr. Bernard Glick, Chief Internal Auditor, addressed the Committee regarding the Audit Charter for review. He stated there was one change being recommended by staff. The change was regarding the language dealing with the performance evaluation of the Chief Internal Auditor. The new language would allow the Director to consult with the OC or the OC Chair regarding the evaluation.

Motion: Mr. Tom Manos moved to accept the language change to the Audit Charter as recommended by staff. Mr. Kevin McCarthy seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

6. Review of Recently Conducted Audits

- **City of El Mirage**
- **Littleton Elementary School District**

Mr. Glick presented the Committee with two audits. The first audit was a follow up audit of the City of El Mirage. Mr. Glick said there was one finding. The City did not report contributions for one employee who received a Uniform Allowance in Fiscal Years (FY) 2009 through 2011. The amount due the ASRS was \$502.27.

The second audit was of the Littleton Elementary School District. Mr. Glick stated there were four major findings: 1) the District did not remit contributions for one early retiree who had retired at age 50 with 13 years of service, but, after retiring, and for four fiscal years, agreed to work 20 weeks and at least 20 hours per week in each fiscal year, 2) the District did not remit contributions for 12 employees who were engaged to work at least 20 hours per week for at least 20 weeks in one or more fiscal years, 3) the District did not request a refund for remitted contributions on 50 ineligible members, and 4) the District applied and remitted contributions on 31 employees' lump sum payment for accumulated leave upon termination of employment. The amount due the ASRS is \$75,005.

There was a discussion regarding the smaller school districts being out of compliance with the statutes on contribution collection.

7. Presentation, Discussion and Appropriate Action Regarding the 2012 OC Calendar

Mr. Guarino presented a proposed 2012 OC meeting calendar to the Committee. By consensus, the Committee accepted the calendar.

8. Request for Future Agenda Items

Mr. McCarthy and Mr. Manos requested a discussion on ways to improve compliance with ASRS statutes, rules, and policies among employers, charter schools in particular.

Mr. Zeman requested a future update on the status of the Berwyn Report.

Mr. Byers requested discussions on the Permanent Benefit Increase and the 8% assumed rate of return. Staff indicated these items would be discussed at a future ASRS Board meeting or brought to the OC for review.

9. Call to the Public

No members of the public addressed the Committee.

10. Adjournment of the OC

Mr. Steven Zeman adjourned the meeting at 11:55 a.m.

Respectfully Submitted by,

Zachary Kucera
Committee Secretary

Date

Anthony Guarino
Deputy Director and Chief Operations Officer

Date